



CVSP Fiscal Impact Analysis Task Force Presentation II

Presented to
Coyote Valley Specific Plan Task Force

by
Economic & Planning Systems, Inc.
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Background

Purpose of the Study

- Determine if taxes generated by Coyote Valley development equal or exceed cost of municipal services
- Identify requirements for fiscal self sufficiency on on-going basis
- Assess fiscal implications of jobs-to-housing concurrency scenarios
- NOT a citywide budget forecast

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Fiscal Dynamics of New Development

- Requires mostly new public facilities and service units
- Less ability to utilize existing service capacities
- May have different service levels than established areas of City
- Services go early, tax base grows over time
- Ability to create strong tax base with all new development, active markets, higher densities, mixed-use
- Opportunity to implement supplementary financing measures

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Concurrency Scenarios

1. **Strict concurrency**: 2:1 jobs/housing from day one
2. **Phased concurrency**: up to 5,000 units, then no additional units until 10,000 jobs
3. **Trigger**: 5,000 jobs first, then market-based development
4. **Placemaking**: market-based development until major infrastructure in place, then 2:1 jobs/housing
5. **Employment jumpstart**: 3,000 jobs for 3,000 units; units cap at 10,000 until 15,000 jobs

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Summary of Project Description

- 26,500 Housing Units
- 15.7 million SqFt of Workspace
- 1.6 million SqFt of Retail
- 71,600 residents
- 51,900 non-retail jobs
- 4,400 retail jobs
- 322 park acres (including 40 mi. trails)
- 53-acre lake

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Review of Cost Assumptions

The logo consists of the letters "EPS" in a white, sans-serif font, centered within a teal square that has a subtle gradient.

Overall Assumptions and Methods

- Project specific service delivery models (department interviews)
- Average cost approach where appropriate
- Time-series model (Years 1 - 58)
- Historical rate of growth in costs
- Service levels at or above current citywide averages
- No private funding assumed

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Department Specific Service Delivery Assumptions

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- Fire: 63 fire fighters (2 stations)
 - Service timing based on population growth
- Police: 60 officers
 - Service timing based on population growth
- Transportation: 86 miles of road and related infrastructure maintenance
 - Service timing based on development pace
- Library: 22 FTE (~35K SqFt library)
 - Service timing based on population growth

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Department Specific Service Delivery Assumptions (Cont.)

EPS

- PRNS: 322 park acres and 60,000 SqFt community center (inc. aquatic facility)
 - Park timing based on development pace
 - Community center timing based on population growth
- Lake: maintenance of 53-acre lake
 - Timing based on development pace
- General government, services & planning:
 - Service timing based on population and employment growth
 - Citywide average cost

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General Fund Expenditures Over time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
General Government	\$1,540,961	\$12,298	\$179,577	\$647,448	\$1,053,365	\$1,208,413	\$1,384,374
Fire	\$14,663,336	\$0	\$4,547,543	\$10,046,634	\$11,097,734	\$12,258,803	\$13,541,345
Police	\$14,828,134	\$1,287,747	\$1,790,197	\$7,002,483	\$11,222,459	\$12,396,577	\$13,693,533
General Service	\$2,266,744	\$18,091	\$264,157	\$952,391	\$1,549,494	\$1,777,568	\$2,036,405
Transportation	\$13,514,320	\$0	\$2,495,739	\$7,283,067	\$10,228,118	\$11,298,206	\$12,480,248
Library	\$4,002,618	\$0	\$547,061	\$1,476,937	\$3,029,324	\$3,346,258	\$3,696,351
Park, Recreation & Neighborhood Services	\$15,815,882	\$0	\$2,204,118	\$9,593,132	\$11,185,315	\$12,788,949	\$14,366,329
Planning, Building & Code Enforcement	\$758,279	\$6,052	\$88,367	\$318,597	\$518,342	\$594,638	\$681,225
Lake Maintenance	\$2,152,245	\$0	\$1,334,952	\$1,474,618	\$1,628,895	\$1,799,314	\$1,987,562
General Fund Expenditures	\$69,542,519	\$1,324,188	\$13,451,714	\$38,795,307	\$51,513,048	\$57,468,726	\$63,867,371

Sources: City of San Jose; Economic & Planning Systems, Inc.

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Review of Revenue Assumptions

Overall Assumptions and Methods

- Project specific values (housing price, rents, absorption schedule, etc.)
- Average cost approach where appropriate
- Long-term historical rate of growth in residential property value
- No real growth assumed for non-residential properties
- No real growth assumed for income or energy
- Affordable housing (working assumptions)
 - 1,000 for-sale
 - 4,000 rental (tax exempt)

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Key Assumptions by Major Revenue Category

- Property Tax: 11% allocation to the City
- Sales Tax: household income, retail spending patterns, typical sales volume, Edenvale business to business sale
- Property tax in-lieu of VLF: percentage growth in City AV
- Utility tax: citywide average
- Franchise Fee: citywide average

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Other General Fund Revenues

- Business tax
- Fines, forfeitures and penalties
- Motor vehicle license fee
- Gas tax transfer
- Construction and conveyance tax transfer (park O&M use)
- Library parcel tax for O&M use (sunset 2014)

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General Fund Revenues Over Time: Trigger Scenario

Item	Buildout	Year 5	Year 10	Year 20	Year 30	Year 40	Year 50
Property Tax	\$75,793,266	\$483,047	\$5,575,480	\$22,587,709	\$39,516,490	\$50,049,024	\$63,100,197
Property Tax In-lieu of VLF	\$33,378,557	\$166,932	\$2,395,110	\$9,919,316	\$17,409,163	\$22,021,622	\$27,766,934
Sales Tax	\$5,858,186	\$65,228	\$931,156	\$3,223,137	\$5,185,315	\$5,428,738	\$5,672,161
Franchise Fees	\$2,868,693	\$38,794	\$538,977	\$1,759,176	\$2,591,015	\$2,690,869	\$2,790,723
Utility Users Tax	\$5,873,124	\$79,424	\$1,103,456	\$3,601,590	\$5,304,629	\$5,509,062	\$5,713,495
Business Tax	\$1,265,824	\$78,375	\$188,574	\$438,575	\$690,070	\$897,114	\$1,104,157
Fines, Forfeitures, and Penalties	\$87,091	\$0	\$17,171	\$59,582	\$87,091	\$87,091	\$87,091
Motor Vehicle License Fee	\$425,293	\$0	\$83,852	\$290,959	\$425,293	\$425,293	\$425,293
Gas Tax Transfer	\$1,183,088	\$0	\$233,260	\$809,394	\$1,183,088	\$1,183,088	\$1,183,088
Construction & Conveyance Tax Transfer	\$2,097,581	\$27,753	\$481,623	\$979,151	\$1,103,048	\$1,389,424	\$1,749,194
Library Parcel Tax for O&M Use	\$0	\$208	\$0	\$0	\$0	\$0	\$0
Total	\$128,830,703	\$939,761	\$11,548,658	\$43,668,590	\$73,495,204	\$89,681,325	\$109,592,334

Sources: City of San Jose; Economic & Planning Systems, Inc.

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Summary of Results

Fiscal Impact



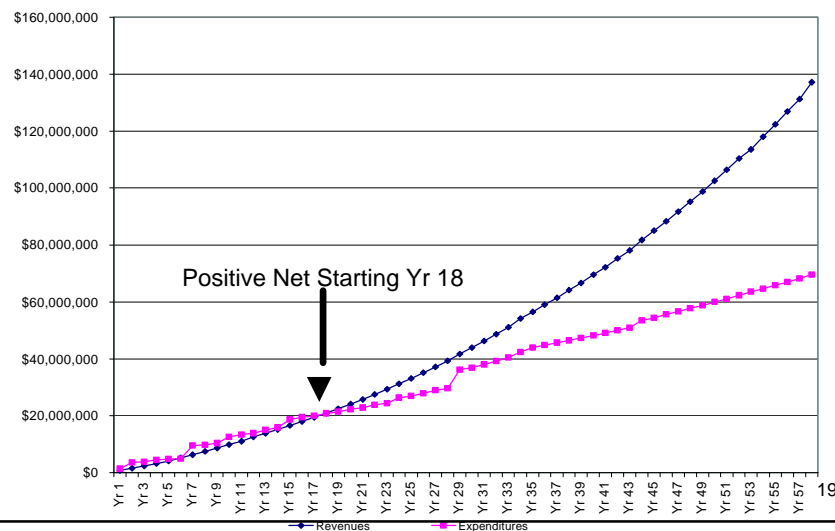
- Fiscal surplus of \$57 to \$68 million by buildout
- Fiscal deficit expected in the early years
 - 10 to 17 years
- Potential supplementary financing measures:
 - Landscape and Lighting Districts
 - Other Maintenance Districts
 - Mello-Roos CFDs
 - Homeowner Association Fees
 - Developer endowment

Fiscal Impact Summary Over Time (Years 1 to 30)

	Buildout	Year 5	Year 10	Year 15	Year 20	Year 30
Scenario I: Strict concurrency						
Revenues	\$137,156,807	\$4,059,574	\$9,842,529	\$16,547,067	\$24,073,866	\$43,961,531
Expenditures	\$69,542,519	\$4,736,789	\$12,572,026	\$18,648,016	\$22,278,820	\$36,890,243
Net	\$67,614,288	(\$677,214)	(\$2,729,497)	(\$2,100,949)	\$1,795,046	\$7,071,288
Scenario II: Phased concurrency						
Revenues	\$128,588,221	\$9,526,780	\$11,407,701	\$23,861,566	\$41,284,123	\$73,477,145
Expenditures	\$69,542,519	\$12,636,459	\$13,483,582	\$21,992,263	\$38,003,058	\$51,515,925
Net	\$59,045,702	(\$3,109,679)	(\$2,075,881)	\$1,869,303	\$3,281,065	\$21,961,220
Scenario III: Trigger						
Revenues	\$128,830,703	\$939,761	\$11,548,658	\$26,534,570	\$43,668,590	\$73,495,204
Expenditures	\$69,542,519	\$1,324,188	\$13,451,714	\$23,990,077	\$38,795,307	\$51,513,048
Net	\$59,288,184	(\$384,427)	(\$1,903,056)	\$2,544,493	\$4,873,283	\$21,982,156
Scenario IV: Placemaking						
Revenues	\$130,273,589	\$11,805,461	\$19,238,944	\$26,724,281	\$35,620,087	\$56,570,361
Expenditures	\$69,542,519	\$13,371,764	\$20,432,882	\$24,622,078	\$33,325,198	\$43,984,205
Net	\$60,731,069	(\$1,566,303)	(\$1,193,937)	\$2,102,203	\$2,294,889	\$12,586,156
Scenario V: Employment jumpstart						
Revenues	\$125,662,544	\$12,092,724	\$20,718,011	\$23,481,522	\$38,670,946	\$73,550,907
Expenditures	\$68,853,979	\$13,382,553	\$20,912,151	\$22,030,347	\$35,904,887	\$51,725,072
Net	\$56,808,564	(\$1,289,829)	(\$194,140)	\$1,451,175	\$2,766,058	\$21,825,836

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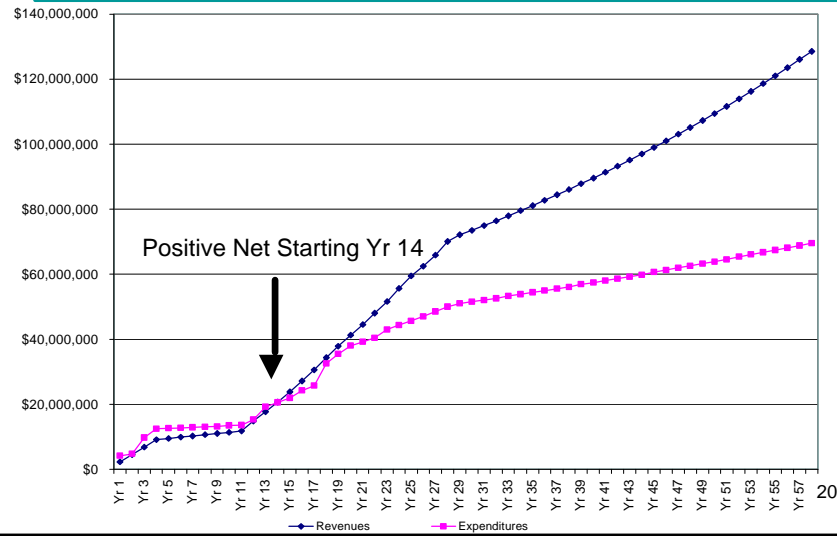
GF Revenues vs. Expenditures (Scenario I: Strict Concurrency)



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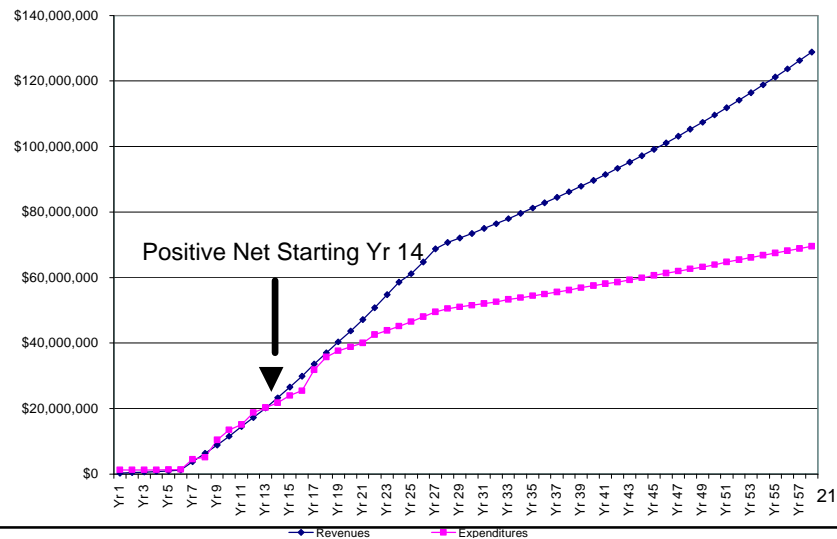
GF Revenues vs. Expenditures (Scenario 2: Phased Concurrency)

EPS



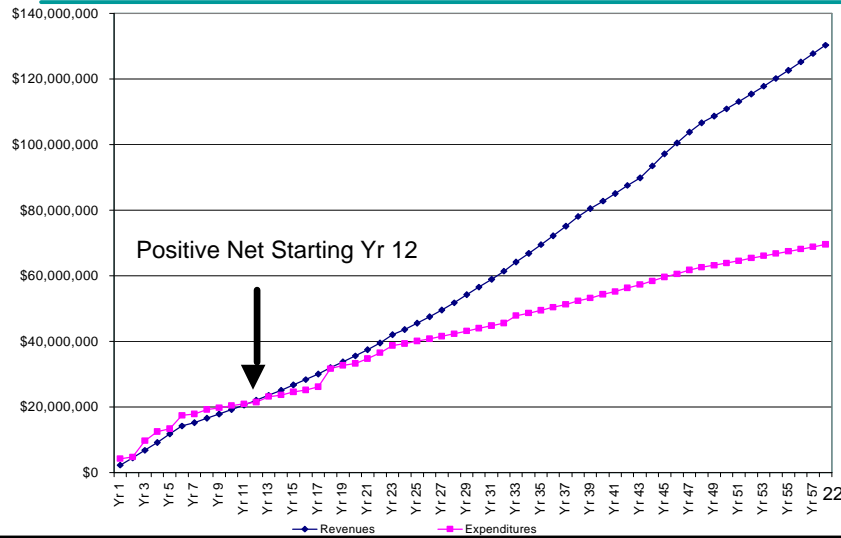
GF Revenues vs. Expenditures (Scenario 3: Trigger)

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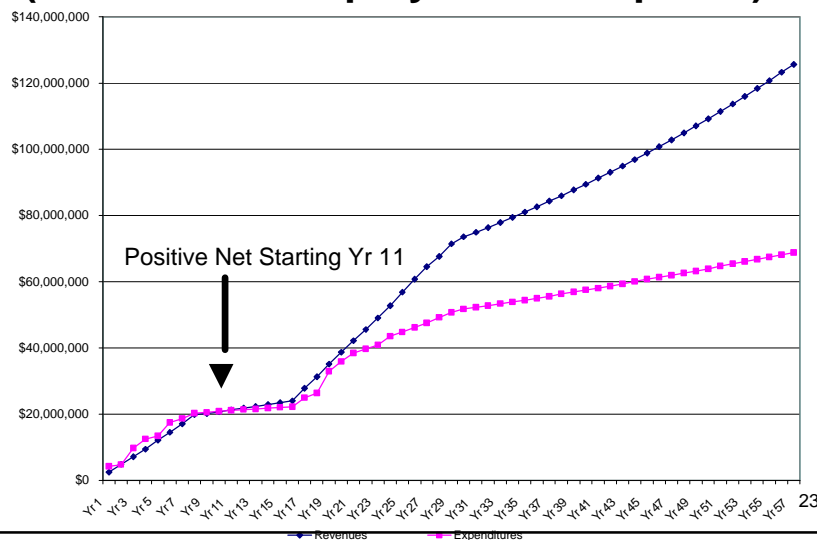
GF Revenues vs. Expenditures (Scenario 4: Placemaking)

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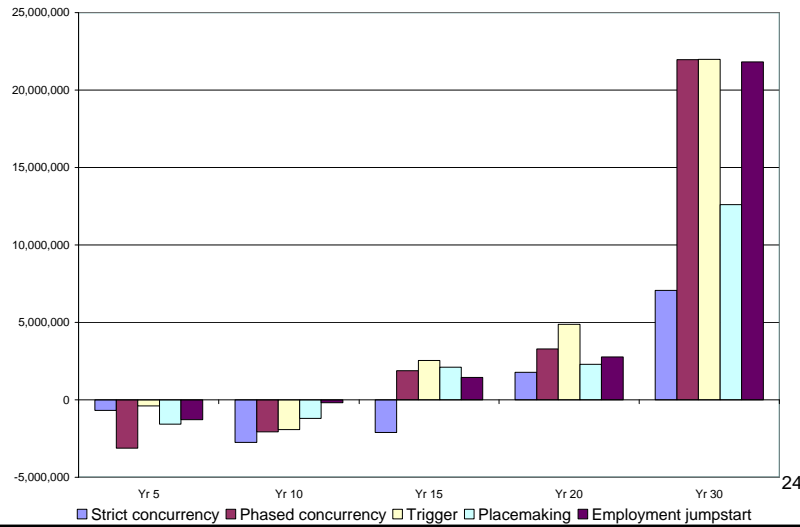


GF Revenues vs. Expenditures (Scenario 5: Employment Jumpstart)

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Net Fiscal Balance by Concurrency Scenario (Years 1 to 30)



Fiscal Deficit as a Percent of Assessed Value (Years 1 to 17)



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 17
Strict concurrency	0.187%	0.347%	0.154%	0.103%	0.043%	0.067%	0.030%	0.006%
Phased concurrency	0.235%	0.011%	0.107%	0.089%	0.079%	0.044%	n/a	n/a
Trigger	1.486%	0.629%	0.343%	0.200%	0.114%	0.039%	n/a	n/a
Placemaking	0.235%	0.011%	0.107%	0.089%	0.033%	0.014%	n/a	n/a
Employment jumpstart	0.202%	n/a	0.094%	0.080%	0.026%	0.002%	n/a	n/a

Questions/Comments